



Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

June 8, 1993

*RC replaced
4/15/2002*

TO: Board of Oil, Gas and Mining

THRU: James W. Carter, Director *JWC*

FROM: D. Wayne Hedberg, Permit Supervisor *DWH*

RE: United States Gypsum Company (USGC), Replacement Reclamation
Surety, Jumbo-Jensen Quarry, M/041/008, Sevier County, Utah

The Division seeks the Board's approval of the amount and form of replacement surety presented by USGC for their Jumbo-Jensen Gypsum Quarry in Sevier County, Utah. United States Gypsum Company (USGC) is in the process of replacing an existing Irrevocable Letter of Credit (ILOC) from Northern Trust Company which is due to expire on June 30, 1993.

The Board approved of the existing \$216,700 ILOC from the Northern Trust Company in May of 1990. Due to extenuating circumstances at that time, the ILOC was not drafted according to the Board's approved form. On May 27, 1993, provided the Division with a new ILOC (\$264,500 - 1998 dollars) from Chemical Bank of New York which is identical in format/language to the one accepted by the Board in May of 1990.

The Division subsequently advised USGC to have Chemical Bank redraft the latest ILOC according to the Board's approved ILOC form. Chemical Bank is willing to utilize the standardized form with minor revisions to accommodate conditions/terms that are acceptable to their banking requirements. The Division Director and legal counsel have reviewed the proposed language changes and found them acceptable. We have advised USGC to have Chemical Bank redraft the ILOC accordingly. The revised form will be available by the June 23rd hearing. We have included the draft revised form for your reference.

The Division seeks the Board's concurrence and acceptance of the revised ILOC form. It is the Division's opinion that the new form contains all of the critical information necessary to protect the best interests of the state in the event of a default.



Page 2
Board memo
US Gypsum Company
June 8, 1993

The following documents are attached for your reference:

1. location map
2. summary checklist
3. revised executive summary
4. revised reclamation surety estimate
5. revised Reclamation Contract FORM MRRC
6. revised Surety Bond MR FORM-6

Thank you for your time and consideration of this request.

jb
Attachments
M041008.mem

FORM MR-RC
Revised May 28, 1993
RECLAMATION CONTRACT

File Number M/041/008

Effective Date 6/30/93

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED

JUN 22 1993

DIVISION OF
OIL, GAS & MINING

RECLAMATION CONTRACT
---ooOoo---

Contract replaced 4/15/2002.

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/041/008
(Mineral Mined) Gypsum

"MINE LOCATION":
(Name of Mine) Jumbo Jensen Quarry
(Description) _____

"DISTURBED AREA":
(Disturbed Acres) 153.6 (as of 5/12/93)
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) United States Gypsum Company
(Address) 125 South Franklin Street
Chicago, Illinois 60606-4678
(Phone) (312) 606-4000

"OPERATOR'S REGISTERED AGENT":

(Name)

c/o

(Address)

CT Corporation System

50 West Broadway

Salt Lake City, Utah 84101

(Phone)

"OPERATOR'S OFFICER(S)":

"see attached list"

"SURETY":

(Form of Surety - Attachment B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Chemical Bank

LOC #

"SURETY AMOUNT":

(Escalated Dollars)

\$264,500

"ESCALATION YEAR":

1998 dollars

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between United States Gypsum Company the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/041/008 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated Sept. 14, 1987, and the original Reclamation Plan dated Sept. 14, 1987. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as

amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Richard H. Fleming
Authorized Officer (Typed or Printed)

Richard H. Fleming
Authorized Officer's Signature

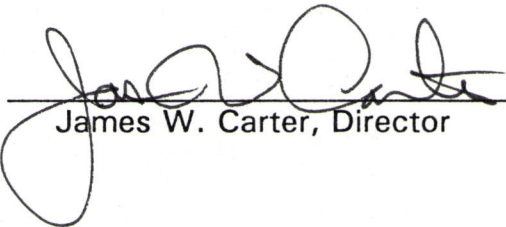
June 17, 1993
Date

SO AGREED this 23rd day of June, 19 93.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY Dave D. Lauriski
Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

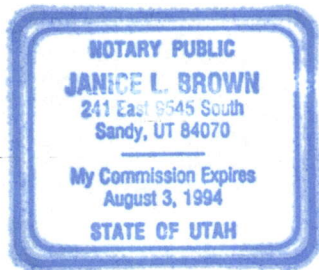
DIVISION OF OIL, GAS AND MINING:

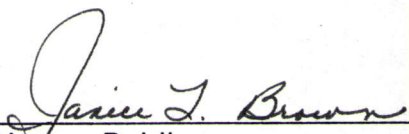
By 
James W. Carter, Director

6/30/93
Date

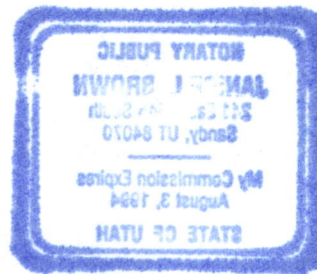
STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

On the 30th day of June, 19 93, personally
appeared before me, who being duly sworn did say that he/she, the said
JAMES W. CARTER is the Director of the Division of
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she
duly acknowledged to me that he/she executed the foregoing document by
authority of law on behalf of the State of Utah.




Notary Public
Residing at: Sandy, Utah

August 3, 1994
My Commission Expires:



OPERATOR:

United States Gypsum Company
Operator Name

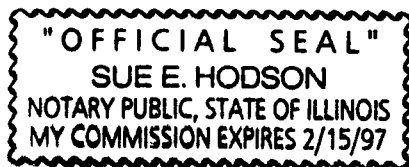
By Vice President and Treasurer
Corporate Officer - Position

6/17/93
Date

Richard H. Fleming
Signature

STATE OF Illinois)
) ss:
COUNTY OF DuPage)

On the 17th day of June, 19 93, personally
appeared before me Richard H. Fleming who
being by me duly sworn did say that he/she, the said Richard H. Fleming
is the Vice President and Treasurer of United States Gypsum Company
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Richard H. Fleming duly acknowledged to me that said
company executed the same.



Sue E. Hodson
Notary Public
Residing at: 968 Chapel Court South
Glen Ellyn, Illinois 60137

My Commission Expires:

SURETY:

Surety Company

n/a

By _____
Company Officer - Position

Date

Signature

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 19 _____, personally
appeared before me _____ who
being by me duly sworn did say that he/she, the said _____
is the _____ of _____
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said
company executed the same.

Notary Public
Residing at: _____

My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this
form for each authorized agent or officer. Where one signs by virtue of Power of
Attorney for a company, such Power of Attorney must be filed with this Contract.

ATTACHMENT "A"

United States Gypsum Company
Operator

Jumbo Jensen Quarry
Mine Name

M/041/008
Permit Number

Sevier County, Utah

The legal description of lands to be disturbed is:

The disturbed areas are located in Township 22 South, Range 1 West, SLBM

Section 15, SE/4, E/2 SW/4, S/2 N/2, portions of N/2 N/2

Section 14, E/2 NW/4, SW/4, W/2 SE/4, SW/4 NE/4

Section 22, N/2 NE/4, NW/4 NW/4

Section 23, N/2 NW/4, N/2 NE/4

as described in the U.S. Gypsum map titled

"Mining & Reclamation Plan as of May 1st, 1993"

received by the Division of Oil, Gas and Mining on May 12, 1993*

*Prepared by DOGM 6/1/93

